

P.O. BOX 910 EAST CARBON, UTAH 84520 PHONE (435) 888-4000 FAX (435) 888-4002

December 1, 2008

morning C0070019

04

Utah Division of Oil, Gas & Mining Coal Program 1594 West North Temple, Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801

Attn: Daron Haddock

Permit Supervisor

RE: Andalex Resources, Inc., C/007/019

Tower (Centennial) Mine Permit Change for Guard Shack

Task #3085

Dear Mr. Haddock:

This letter is in response to the Division's letter of November 26, 2008, regarding the installation of a guard shack at the Tower Mine. The letter cited a deficiency, requesting an updated reclamation cost to reclaim the shack. Typically, I would give the details to Wayne Western, who would redo the spreadsheet, send it to me, and then I would re-submit it back to the Division. With Wayne no longer there, I'm not sure the best way to proceed.

The shack is a pre-built shed (from the lumber store) which is sitting on the dirt, not on a concrete pad. It is small (8' x 8') and can easily be moved with a forklift in a few minutes. I estimate it could be reclaimed (i.e., removed) for less than \$200. Could you have the new bonding person enter it into the Division's spreadsheet? Please note that the existing bond for the Tower Mine has an excess bond amount of \$179,000, so this should be ample to remove the shed.

Should you have any questions regarding this issue, please feel free to contact me

Sincerely,

David Shaver Resident Agent

Refer to:

☐ Confidential
☐ Shelf
Expandable

Date 120108 For additional information

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DIV. OF OIL, GAS & MINING

| | | | APPLI | CATION I | FOR PER | MIT PROCE | SSING | |
|--------------|----------------|------------------------|----------------------|---------------------|-----------------------|------------------------------------|--------------|---|
| Permit Ch | ange 🗆 | New Permit □ | Renewal D | Transfer 🗆 | Exploration | Bond Release □ | Permit I | Number: 007/019 |
| Title of Pro | oposal: | Letter about | t bonding re | egarding per | rmit change | to allow guard | Mine: | Centennial Project |
| | | | | | | Permittee: Andalex Resources, Inc. | | |
| Description | n, include rea | ason for application a | nd timing required t | to implement:. | | | | |
| Instructi | ons: If you | answer yes to any | of the first 8 que: | stions (gray), subn | nit the application t | o the Salt Lake Office. C | therwise, yo | u may submit it to your reclamation specialis |
| □ Yes | ₩ No | 1. Change in | the size of th | e Permit Area | ? | acres Disturbed | Area? | acres □ increase □ decrease. |
| □ Yes | ₩No | 2. Is the app | lication submi | itted as a resul | t of a Division | Order? | | |
| = V | MAN | | | | | 111 40 10 | 1.4 11 | 4-1-1-1-1-2 |

| □ Yes | ₩ No | 1. Change in the size of the Permit Area? acres Disturbed Area? acres □ increase □ decrease. | | | | | |
|-------|-------------|---|--|--|--|--|--|
| □ Yes | ₩No | 2. Is the application submitted as a result of a Division Order? | | | | | |
| □ Yes | ₩No | 3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area? | | | | | |
| □ Yes | ANO | 4. Does application include operations in hydrologic basins other than as currently approved? | | | | | |
| □ Yes | W No | 5. Does application result from cancellation, reduction or increase of insurance or reclamation bond? | | | | | |
| □ Yes | 9CNo | 6. Does the application require or include public notice/publication? | | | | | |
| □ Yes | \$00 | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? | | | | | |
| □ Yes | ₽ No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? | | | | | |
| Yes | □ No | 9. Is the application submitted as a result of a Violation? | | | | | |
| □ Yes | €No | 10. Is the application submitted as a result of other laws or regulations or policies? Explain: | | | | | |
| □ Yes | SKNO | 11. Does the application affect the surface landowner or change the post mining land use? | | | | | |
| □ Yes | KNo | 12. Does the application require or include underground design or mine sequence and timing? | | | | | |
| □ Yes | Mo | 13. Does the application require or include collection and reporting of any baseline information? | | | | | |
| □ Yes | KNO | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? | | | | | |
| □ Yes | ₩ No | 15. Does application require or include soil removal, storage or placement? | | | | | |
| □ Yes | \$€No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? | | | | | |
| □ Yes | W No | 17. Does the application require or include construction, modification, or removal of surface facilities? | | | | | |
| □ Yes | 16 No | 18. Does the application require or include water monitoring, sediment or drainage control measures? | | | | | |
| □ Yes | ¥ No | 19. Does the application require or include certified designs, maps, or calculations? | | | | | |
| □ Yes | ≯ No | 20. Does the application require or include subsidence control or monitoring? | | | | | |
| Yes | □ No | 21. Have reclamation costs for bonding been provided for? | | | | | |
| □ Yes | ¥2No | 22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream? | | | | | |
| □ Yes | ¥No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? | | | | | |

□ Attach _3 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein. (R645-301-123)

Bu 2008

0406-09

Notary Public LINDA KERNS 345 N. 700 E. Price, UT 84501 My Commission Expli April, 6, 2009 State of Utah

Received by Oil, Gas & Mining

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ASSIGNED TRACKING NUMBER

Application for Permit Processing Detailed Schedule of Changes to the MRP

| Title of Application: I | Letter about b | onding regardin | ng permit chang | e to allow guard |
|-------------------------|----------------|-----------------|-----------------|------------------|
| ehack | | | | _ |

Permit Number:

007/019

Mine: Centennial Project

Permittee: Andalex Resources, Inc.

Provide a detailed listing of all changes to the mining and reclamation plan which will be required as a result of this proposed permit application. Individually list all maps and drawings which are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise the existing mining and reclamation plan. Include page, section and drawing numbers as part of the description.

| | | | DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED |
|-------|-----------|----------|---|
| | REPLACE | ☐ REMOVE | Chapter 5: pg 5-31, pg 5-158 Plate 6 (As-Constructed) |
| □ ADD | □ REPLACE | □ REMOVE | 1 1 113 |
| □ ADD | REPLACE | □ REMOVE | Plate 6 / As- Constructed) |
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Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?

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